

FISCAL NOTE

HB 3187 - SB 3579

February 11, 2008

SUMMARY OF BILL: Creates an ASPIRE work-study program. Divides the ASPIRE grant award into two equally funded parts: one-half of the award will be a grant payable to a student who qualifies for the award based on average gross income; the other one-half will be earnable in the ASPIRE work-study program.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Decreases the expenditures of lottery proceeds earmarked for scholarships and grants by \$8,109,200 in FY08-09 and by \$8,726,500 in FY09-10.

Assumptions:

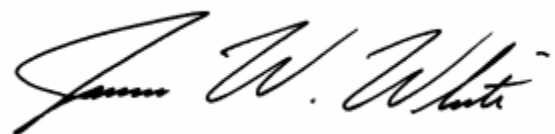
- Currently, the ASPIRE award is a \$1,500 per year supplemental award for eligible students with adjusted gross incomes of \$36,000 per year or less.
- This bill would make \$750 of the \$1,500 award a grant and the remaining \$750 earnable through the proposed ASPIRE work-study program. Therefore, the maximum amount a participating student can earn in the work-study program is \$750 per academic year.
- According to the Tennessee Student Assistance Corporation (TSAC), there were 11,629 HOPE with ASPIRE recipients in FY06-07.
- 2% annual growth of ASPIRE supplemental award recipients.
- The adjusted number of eligible ASPIRE recipients is estimated to be 12,100 for FY08-09.
- 100% of work-study participants earn the maximum of \$750 per academic year.
- TSAC indicates that 6.4% of students participate in federal work study programs.
- Based on higher hourly wages, 10% of eligible students (1,210) are estimated to participate in the ASPIRE work-study program; therefore, 90% of eligible students (10,890) will choose not to participate. As a

result, approximately 10,890 students will not receive \$750 in funding that they are eligible for under current law.

- The decrease of expenditures from lottery proceeds is estimated to be \$8,167,500 (10,890 students x \$750 = \$8,167,500) in FY08-09.
- One additional position for TSAC to administer the program estimated to be \$58,300 per year (salary, benefits, supplies, communications, etc.).
- The net decrease of expenditures from lottery proceeds is estimated to be \$8,109,200 (\$8,167,500 - \$58,300 = \$8,109,200) in FY08-09.
- Based on an additional year of 2.0% growth, the number of new eligible students choosing not to participate in the work-study program in the second year (FY09-10) is estimated to be 11,108.
- 50% of first-year work-study participants (605) choose not to participate in the second year (FY09-10).
- The total number of eligible students choosing not to participate in the work-study program in the second year (FY09-10) is estimated to be 11,713 (11,108 new students + 605 first-year participants = 11,713 total).
- The net decrease of expenditures from lottery proceeds is estimated to be \$8,726,500 [(11,713 students x \$750) - \$58,300 = \$8,726,450] in FY09-10.
- According to the Department of Education (DOE), the department would publish a list of organizations operating after-school programs that will participate in the ASPIRE work-study program. Any such increase to state expenditures is estimated to be not significant.
- DOE indicates any cost for promulgating rules and regulations to be not significant.
- DOE indicates any additional costs to local education agencies (LEAs) would be considered not significant.
- Costs for the Tennessee Bureau of Investigation (TBI) to conduct criminal background checks are estimated to be not significant because such additional costs are to be paid by applicants.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, appearing to read "James W. White". The signature is fluid and cursive, with the first name "James" and last name "White" clearly distinguishable.

James W. White, Executive Director

/rnc